GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

STARRED QUESTION NO:246
ANSWERED ON:20.03.2002
PROMOTION OF COTTAGE INDUSTRIES IN RURAL AREAS
PUNNULAL MOHALE

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether the Government propose to draw up any scheme to promote cottage industries in rural areas of the country;

(b) if so, the details thereof; and

(c) the State-wise details of the funds allocated by the Government during 2001-2002 for the promotion of cottage industries?

Answer

THE MINISTER OF AGRO AND RURAL INDUSTRIES (SHRI KARIYA MUNDA)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 246 BY SHRI PU LAL MOHALE, MP FOR ANSWER ON 20.03.2002.

(a) & (b): The Government is already implementing the Rural Employment Generation Programme (REGP) through the Khadi and Village Industries Commission (KVIC) for the promotion and development of Khadi and Village Industries including cottage industries in rural areas. Under this programme the KVIC provides margin money assistance at the rate of 25% of the project cost upto Rs. Rs. 10 lakhs and for the project above Rs. 10 lakhs and upto Rs. 25 rate of margin money is 25% of Rs. 10 lakhs plus 10% on remaining cost of the project. In the case of weaker sections viz. SC/ST/OBC/Women/Physically Handicapped/ Ex-Servicemen and Minority Community beneficiary/institution and for hill border and tribal areas, North Eastern Region, Sikkim, Andaman & Nicobar Island, Lakshadweep, the margin money grant is 30% of the project cost upto Rs. 10 lakhs. Under the Scheme, the beneficiary is required to contribute 10% of the project cost. In case of SC/ST and other weaker section, beneficiary`s contribution is 5% of the project cost. The KVIC also provides assistance to KVI sector including cottage industries in the form of skill upgradation, training, entrepreneurship development training, technological and marketing support. As a result, these industries have been registering growth in production and employment. During the last three years the production of Khadi and Village Industries has increased from Rs. 4519.31crore in 1997-98 to Rs. 6923.26 crore in 2000-2001 and employment has increased from 56.50 lakh to 60.07 lakh during the same period.

In order to further strengthen the KVI Sector, the Government has recently announced a package on 14.05.2001. The package consists of Rebate Policy for five years, option of Rebate and Market Development Assistance (MDA), Insurance cover to Khadi artisans, emphasis on improvement of Khadi products, creation of packaging and design facilities, measures to promote marketing, brand building, cluster development.

(c): The State-wise funds disbursed by the KVIC as grant and loan during 2000-2001 is given at Annexure-I.